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Morning Pole Position

| 14th November 2022 |

All market data as at previous trading day

Market indices

Indices	Last	Daily chg	YTD chg%
Local			
FBM KLCI	1,468.21	18.47	-6.34
FBM Emas	10,416.90	145.89	-7.89
FBM Syariah	10,529.58	205.69	-14.14
FBM Small Cap	14,438.26	185.81	-8.39
FBM ACE	5,093.31	109.52	-20.66
F4G BM	843.93	11.33	-4.13
F4G BMS	872.87	18.98	-11.17

Funds Flows		Net Buy (MYR'm)
Local Institutions		10.0
Local Retails		-116.0
Foreign		106.0

Foreign			
Dow Jones	33,747.86	32.49	-7.13
S&P 500	3,992.93	36.56	-16.22
Nasdaq	11,323.33	209.18	-27.62
FTSE	7,318.04	-57.3	-0.90
Hang Seng	17,325.66	1244.62	-25.95
Nikkei	28,263.57	817.47	-1.83
Shanghai CI	3,087.29	51.16	-15.18
Strait Times	3,228.33	55.15	3.35

Currencies

BNM Middle Rate (5pm)	Last	Daily chg	YTD %
USD / MYR	4.6225	-0.0773	10.98
GBP / MYR	5.4393	0.0882	-3.40
JPY100 / MYR	3.2873	0.0741	-9.16
EUR/MYR	4.7473	0.0513	0.70
SGD / MYR	3.3563	0.0042	8.78
CNY / MYR	0.6506	0.0020	-0.63
AUD / MYR	3.0851	0.0749	1.94

Bond Yield Movements

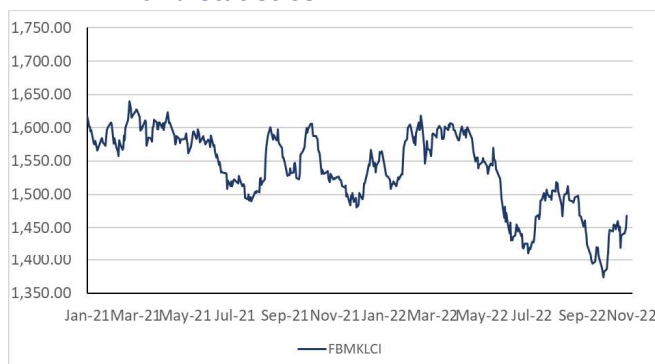
		Yield	Daily Change (bps)
MGS	3- year	3.92	-1
	10- year	4.4	-9
GII	3- year	3.88	-11
	10- year	4.45	-17
UST	2- year	4.34	-27
	10- year	3.82	-30

Commodities

	Last	Daily chg	Daily chg %
CPO (3 rd month)	4,324.00	126	3.00
Brent (1 st month)	95.76	2.42	2.59
Gold (spot)	1,771.42	19.16	1.09

Source: Treasury.gov, Bursa and BNM

FBM KLCI and statistics



Source: Bloomberg

Market Turnover

Vol (m shrs)	3,436
Value (MYR m)	2,427

Top 5 Value	Last	Daily chg %	Value (MYR m)
TOPGLOV	0.960	8.47	174.055
MAYBANK	8.600	-0.46	109.064
PCHEM	8.730	1.04	97.959
PMETAL	4.800	7.87	84.645
CIMB	5.520	0.73	82.775

Top 5 Gainers	Last	Daily chg %	Value (MYR m)
NEXGRAM	0.010	100.00	0.019
VSOLAR	0.010	100.00	0.018
ALAM	0.020	33.33	0.143
MINETEC-PA	0.020	33.33	0.077
XOX	0.025	25.00	1.667

Top 5 Losers	Last	Daily chg %	Value (MYR m)
FINTEC	0.010	-33.33	0.347
ANZO	0.010	-33.33	0.006
BIOHLDG-PA	0.025	-28.57	0.000
PASUKGB	0.015	-25.00	0.002
JOE	0.015	-25.00	0.002

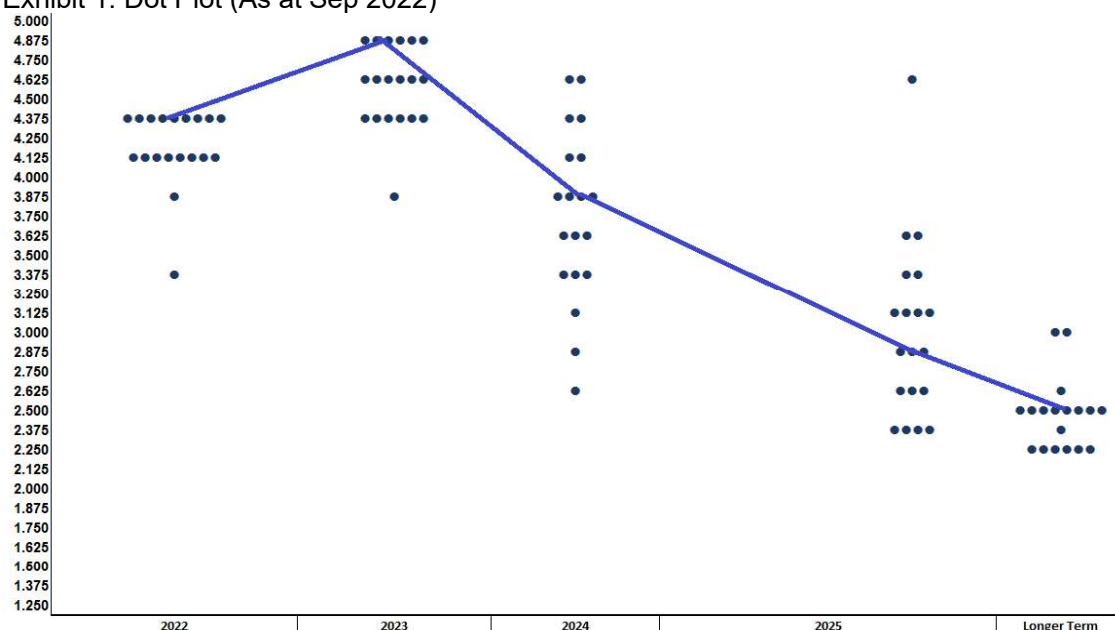
Top 5 DBT	Value (MYR m)	Volume (m shares)	Price (MYR)
KUB	27.500	50.000	0.55
BLDPLNT	11.389	1.593	9.03
MICROLN	6.799	7.950	0.965
KAB	5.526	13.158	0.475
NOVAMSC	4.540	47.788	0.1

Market Pulse

The KLCI closed at 1,468.21 where it gained 29.93 points or 2.08% as compared to a week earlier, mainly driven by economic data from the U.S as well as China that indicate the peaking of inflation might happen soon. KLCI's constituents saw 21 gainers and 7 losers in the week with the remaining 2 unchanged. The week's top gainers were led by Top Glove Corp Bhd and Press Metal Aluminium Holdings Bhd, which gained 25.49% and 9.34%, respectively. Meanwhile, the week's top losers were led by Petronas Dagangan Bhd and Dialog Group Bhd, which fell 1.64% and 1.45%, respectively.

Fedspeak (statements by FOMC committees on various occasions) following the CPI release largely reaffirmed that the Fed is no longer concerned with "peak" inflation and is more focused on where inflation ultimately settles. While all policymakers agree on a downshift to a 50bp hike in December, terminal rate views appear divided, suggesting a potentially wider distribution of the December dot plot (Exhibit 1). Assuming the terminal rate of 5%, we expect Fed to end its rate hike cycle in March. Coupling with expectations of recession in 1Q 2023, we expect markets to regain momentum in early 2023.

Exhibit 1: Dot Plot (As at Sep 2022)



Source: FOMC, compiled by PRSB

As for Malaysia, we currently expect the terminal rate to be 2.75% since MYR is likely to rebound from its current low while food driven inflation and low base effects faded. On a separate note, with 5 days left before the polling, multi-cornered fights and the possibility of changing alliances post-elections make the GE15 hard to call (Exhibit 2). We thus expect KLCI momentum will decelerate this week.

Exhibit 2: Wild Guess

Seats Contested

178
seats



PN: 149
Pejuang: 116



206
seats



Probability of simple majority

36%

33%

31%

CI



Source: Various, PRSB, compiled by PRSB

Our picks are as in Exhibit 3.

Exhibit 3: Our Picks

Company	Ticker	Rating	Price (MYR)	TP (MYR)	Upside (%)
Fundamental					
Bermaz Auto	BAUTO MK	Buy	1.93	2.45	26.94
Guan Chong	GUAN MK	Outperform	2.13	2.78	30.52
Technical					
QL Resources	QLG MK	Outperform	5.32	5.77	8.46
Opcom Holdings	OHB MK	Buy	0.850	1.24	45.88
Gamuda	GAM MK	Outperform	3.75	4.30	14.67
Pentamaster Corporation	PENT MK	Buy	4.13	5.26	27.36
Formosa Prosonic Industries	FOR MK	Buy	3.14	3.92	24.84
Kerjaya Prospek Group	KPG MK	Outperform	1.14	1.39	21.93
MMS Ventures	MMSV MK	Buy	0.685	1.20	75.18
FM Global Logistics Holdings	FMH MK	Buy	0.550	0.82	49.09
Hibiscus Petroleum	HIBI MK	Buy	1.03	1.32	28.16
OSK Holdings	OSK MK	Buy	0.90	1.12	25.14
UWC	UWC MK	Buy	3.89	5.03	29.31
Dayang Enterprise	DEHB MK	Buy	1.22	1.44	18.03
CTOS Digital	CTOS MK	Buy	1.38	1.78	28.99
Ancom Nylex	ANC MK	Buy	0.94	1.24	32.62
BP Plastics Holdings	BPP MK	Buy	1.39	1.80	29.50
CCK Consolidated Holdings	CCK MK	Outperform	0.62	0.71	15.45
Vitrox Corp Bhd	VITRO BHD	Buy	7.13	7.88	10.45
Pecca Group BHD	PECCA MK	Buy	0.86	1.16	34.30

Nova Wellness Group Bhd	NOVA MK	Outperform	0.89	1.07	20.34
Duopharma Biotech Bhd	DBB MK	Outperform	1.34	1.44	7.46
Mega First Corp	MFCB MK	Outperform	3.24	3.63	11.88
Malton Bhd	MALT MK	Buy	0.39	0.44	12.82
MyEG Services Bhd	MYEG MK	Outperform	0.87	0.94	8.67
WCT Holdings Bhd	WCT MK	Outperform	0.37	0.43	16.22
ETF					
MyETF MSCI SEA Islamic Dividend	MEMSID MK	Buy	0.84	0.92	10.01
Principal FTSE ASEAN 40 Malaysia ETF	CIMBA40 MK	Buy	1.68	1.80	7.12
TradePlus NYSE FANG+ Daily (-1x) Inverse Tracker	FANG1XI MK	Strong Buy	1.90	2.44	28.67

Source: Bursa, Bloomberg, PRSB, price as of 11th November 2022

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Malaysian news highlights

- **Khairy: Malaysia 'the fastest growing economy in Asean', political stability crucial.**
Malaysia's economic growth is the fastest among six Asean countries in the third quarter (3Q) and also in the first nine months of this year, and the country is "building resilience to face strong global headwinds", said caretaker Health Minister Khairy Jamaluddin. (Source: [TheEdgeMarkets](#))
- **BNM dismisses recession risk in 2023, but acknowledges pressing headwinds will dent growth.**
Bank Negara Malaysia (BNM) Governor Tan Sri Nor Shamsiah Mohd Yunus has warned that Malaysia will sail into a challenging economic climate in 2023, as the worsening supply chain, geopolitical uncertainty and market volatility could upset growth. She said the higher inflation in the domestic front also remains a primary risk to growth which is likely to erode household spending power and reduce investment activity. But the governor said that while both internal and external risks persist, the country is not heading towards a recession in 2023. (Source: [TheEdgeMarkets](#))
- **Malaysia's current account surplus rises to RM14.1b in 3Q2022, highest in three quarters.**
Malaysia's current account surplus increased to RM14.1 billion in the third quarter of 2022 (3Q2022) — the highest in three quarters — mainly due to the larger goods surplus, driven by stronger exports amid high commodity prices, said Chief Statistician Datuk Seri Dr Mohd Uzir Mahidin at the 3Q2022 GDP announcement on Friday (Nov 11). In 2Q2022, Malaysia's current account recorded a surplus of RM4.4 billion. "The current account registered a higher surplus of RM14.1 billion, or 3.1% of GDP. In addition, the services deficit narrowed due to higher travel and transport receipts following improvement in inbound tourist arrivals," said Mohd Uzir. (Source: [TheEdgeMarkets](#))

Global news highlights

- **EU says recession is here and inflation shock will linger on.**
The euro zone faces a grim winter as a recession bites just as double-digit inflation grips the region and war rages nearby, according to the European Commission. European Union officials in Brussels on Friday slashed their forecast for growth next year, predicting barely any expansion, and raised all their projections for consumer prices. They reckon the economy is now shrinking and will keep contracting during the first quarter. (Source: [TheEdgeMarkets](#))
- **China's Revised Covid Rules Bring Hope, Confusion as Cases Rise.**
China's refinement of rules to prevent the spread of Covid-19 are set to further boost markets and optimism about the economy, even as the nation reported the pace of infection by the virus accelerated over the weekend. (Source: [Bloomberg](#))
- **China Plans Property Rescue as Xi Surprises With Policy Shifts.**
Beijing issued its most extensive 16-point rescue package for the struggling real estate market, according to people familiar with the matter, marking a decisive effort to turn around an economy devastated by two years of Covid Zero curbs. (Source: [Bloomberg](#))
- **Thailand Revises Cannabis Rules While Awaiting Delayed New Bill.**
Thailand has slightly revised rules on the sale and use of cannabis as a "controlled herb," while awaiting a controversial bill on the plant that has been delayed due to criticism from lawmakers concerned about recreational drug use. The government in June became the first in Asia to decriminalize use of cannabis, but designated the plant as a controlled herb and banned sales of all parts of the plant to people under the age of 20 and women who are pregnant or breastfeeding. The revised rules announced late Friday in a Health Ministry notice say that only cannabis buds -- the flowers that contain the main concentrations of cannabinoid drugs -- will be considered a controlled herb. (Source: [Bloomberg](#))

- **TNB empowers Smart Modular Technologies to achieve 100% renewable energy.**
Tenaga Nasional Bhd's (TNB) wholly owned subsidiary, GSPARX Sdn Bhd, has formed a partnership with Smart Modular Technologies Inc to enable Smart to meet its environment, social, and governance (ESG) commitment to attaining 100% electricity powered by renewable energy. Via this collaboration, Smart became the first multinational corporation (MNC) in Penang and the first US-based electronics company in Malaysia to achieve this milestone, a joint statement from TNB and Smart said on Saturday. (Source: [TheEdgeMarkets](#))
- **S P Setia takes No 1 spot at The Edge Malaysia Top Property Developers Awards 2022.**
S P Setia Bhd has regained the No 1 spot at this year's The Edge Malaysia Top Property Developers Awards, the 14th time it has done so since the awards were established 20 years ago. The developer also took home the Best in Qualitative Attributes sub-award. (Source: [TheEdgeMarkets](#))
- **Petronas strengthens methane emissions management via new alliances at COP27.**
Petronas said it is committed to strengthening its methane emissions management, as well as decarbonisation efforts and the scaling up of cleaner energy solutions through new alliances at the ongoing UN Climate Change Conference (COP27) in Sharm El Sheikh, Egypt. The national oil company has announced its "signatory membership" to the United Nations Environment Programme's (UNEP) Oil and Gas Methane Partnership 2.0 (OGMP 2.0), as well as the International Renewable Energy Agency's (IRENA) global Alliance for Industry Decarbonisation. (Source: [TheEdgeMarkets](#))
- **Gas Malaysia clarifies stand in MSM's legal suit over issue of gas supply to Johor refinery.**
Gas Malaysia Bhd, which is being sued by MSM Malaysia Holdings Bhd over a disputed sum of RM10.32 million relating to gas supply to MSM Malaysia's sugar refinery unit in Johor, said it maintains its stand that it had acted in accordance with the gas supply agreement (GSA) inked by the unit. In a statement filed with Bursa Malaysia, Gas Malaysia also explained that a take-or-pay (TOP) provision is part of the contractual requirements in the GSA entered into by its unit, Gas Malaysia Energy and Services Sdn Bhd (GMES), and MSM Malaysia's sugar refinery unit, MSM Sugar Refinery (Johor) Sdn Bhd (MSM Johor). (Source: [TheEdgeMarkets](#))
- **IHH seeking Indian regulator's greenlight to proceed with open offer for Fortis.**
IHH Healthcare Bhd said it is in discussion with the Securities and Exchange Board of India (SEBI) to determine the next steps to proceed with the mandatory open offer for an additional 26% stake in Fortis Healthcare Ltd. Should IHH receive approval from the Indian market regulator, the integrated healthcare provider said it would be ready to undertake the offer in a timely manner. "IHH Healthcare today re-affirms its commitment to the India healthcare sector and in supporting the growth of Fortis Healthcare as its largest shareholder with a 31.17% stake," IHH said in a statement filed with Bursa Malaysia on Friday (Nov 11). (Source: [TheEdgeMarkets](#))
- **Carlsberg Malaysia 3Q net profit nearly triples, declares 19 sen dividend.**
Carlsberg Brewery Malaysia Bhd's (Carlsberg Malaysia) net profit for the third quarter ended Sept 30, 2022 (3QFY22) climbed almost three-fold to RM76.39 million from RM25.98 million in the same period last year, contributed by higher contributions from both Malaysian and Singaporean operations, but they were partly offset by a one-off prosperity tax. Earnings per share shot up to 24.98 sen from 8.5 sen previously, the beverage company's Bursa Malaysia filing on Friday (Nov 11) showed. Quarterly revenue rose 63.65% to RM571.63 million from RM349.29 million in the same period a year ago. (Source: [TheEdgeMarkets](#))

Entitlement

Stock Code	Stock Name	Entitlements	Description	Ex-Date	Lodgment Date	Payment/ Cessation Date
7199	KEINHIN	RM0.0150	Final Dividend	14/11/2022	15/11/2022	21/11/2022
0228	HPPHB	RM0.0075	Final Dividend	15/11/2022	16/11/2022	30/11/2022
5789PA	LBS-PA	RM0.0660	Dividend	15/11/2022	16/11/2022	30/11/2022
5227	IGBREIT	RM0.0244	Dividend	16/11/2022	17/11/2022	30/11/2022
5301	CTOS	RM0.0060	Third Interim Dividend	16/11/2022	17/11/2022	14/12/2022
4251PA	NESTLE	RM0.7000	Interim Dividend	17/11/2022	18/11/2022	15/12/2022
4707	GTRONIC	RM0.0100	Interim Dividend	17/11/2022	18/11/2022	1/12/2022
4707	GTRONIC	RM0.0100	Special Dividend	17/11/2022	18/11/2022	1/12/2022
7022	ULICORP	RM0.0150	Fourth Interim Dividend	17/11/2022	18/11/2022	15/12/2022
7133	OKA	RM0.0230	Final Dividend	17/11/2022	18/11/2022	25/11/2022
7140	NEXGRAM	10 to 1	Consolidation	18/11/2022	21/11/2022	-
0096	UTDPLT	RM0.4000	Interim Dividend	18/11/2022	21/11/2022	5/12/2022
2089	GADANG	RM0.0070	Final Dividend	18/11/2022	21/11/2022	9/12/2022

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BUY: Total stock return (including dividends) expected to exceed 20% annually;

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For relative performance, we benchmark the 12-month total forecast return (including dividends) for the stock against the 12-month forecast return (including dividends) for the market on which the stock trades.

ETFs (Criteria applies to rating assignments from 16th December 2019):

STRONG BUY: Total return (including dividends) expected to exceed 20% annually;

BUY: Total expected return below 20% but exceed 5% or then 1-year rate, whichever is higher;

SELL: Total return of not more than 5% or then 1-year rate, whichever is higher.

The ratings are based on the forecast total return (including dividends) over the next 12 months.

Funds:

The rating a mathematical scoring system that include risks (standard deviation, Sharpe Ratio) and returns (1-year, 3-year, 5-year and consistency)BUY: Total return (including income distribution) is positive and above peers' average while risk factors are low;

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